



Nomination Committee

Terms of Reference

LME CLEAR LIMITED

10 Finsbury Square, London EC2A 1AJ | Tel +44 (0)20 7113 8888

A private limited company. Registered in England no 07611628. Registered office as above.

[LME.COM/CLEAR](https://www.lme.com/clear)

1 Status

- 1.1 The Nomination Committee (the “**Committee**”) is a sub-committee of the board (the “**Board**”) of LME Clear Limited (the “**Company**”) to which the Board has delegated consideration of the matters set out in section 4 below.

2 Purpose

- 2.1 The purpose of the Committee is to actively keep under review the leadership needs of the Company, to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions and oversee the development of a diverse pipeline for succession. The Committee shall oversee Board appointments in a way that ensures the Company’s long-term sustainable success, ongoing ability to compete effectively and comply with its regulatory obligations.

3 Definition

- “Board” means the board of directors of the Company;
- “Committee” means the Nomination Committee established in accordance with these terms of reference;
- “Company” means LME Clear Limited; and

4 Responsibilities

- 4.1 Subject to the requirements of the Articles of Association of the Company (the “Articles”), the Committee shall:

Review and Evaluation

- 4.1.1 At least annually review the structure, diversity, size, composition (including but not limited to the skills, knowledge and experience) required of the Board and performance of the Board particularly taking into account the need to ensure that the decision making of the Board is not dominated by one individual or small group of individuals, in a manner that is detrimental to the Company’s interests as a whole. Make any appropriate report or recommendations to the Board, including in relation to changes to the composition of the Board, in light of such review;
- 4.1.2 at least annually, review the time required from directors for effective fulfilment of their roles. Performance evaluation may be used to assess whether the directors are spending sufficient time in fulfilling their duties;
- 4.1.3 at least annually, the Committee shall review its own performance, review the Committee’s constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.
- 4.1.4 Ensure that a periodic evaluation of the committee’s own performance is carried out.
- 4.1.5 annually review the Business Interests Schedule to assess the suitability of the

- members of the management body and make recommendations to the Board in relation to the suitability of the members of the management body;
- 4.1.6 annually review the skills matrix of the Company to facilitate the assessment of the composition of the Board as a whole (skills, knowledge and experience);
- 4.1.7 at least annually, review the Company's Recruitment and Diversity Policy and make recommendations to the Board;
- 4.1.8 decide on a target for the representation of the underrepresented gender on the Board and ensure this is covered by the LME Clear's Recruitment and Diversity Policy;
- 4.1.9 In performing its obligations under 3.1 – 3.5 above, the Committee may draw on external advisors as appropriate. Where a review is conducted by external advisers, the external advisers shall report to the Committee on their findings and recommendations.

Recruitment

Subject to the requirements of the Articles of Association of the Company, the Committee shall:

- 4.1.10 be responsible for identifying and recommending, for approval of the Board, candidates to fill Director vacancies as and when they arise. In identifying suitable candidates the Committee may:
- i. use open advertising or the services of external advisers to facilitate the search;
 - ii. consider candidates from a wide range of backgrounds; and
 - iii. consider candidates on merit and against objective criteria and with due regard for the benefit of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- 4.1.11 be responsible for selecting the representatives of clearing members and clients through the nomination process set out under the terms of the EMIR Risk Committee's terms of reference to sit on such EMIR Risk Committee and attend Board meetings for matters relevant to Article 38 and 39 of EMIR;
- 4.1.12 identify and recommend for the approval of the Board, candidates to fill vacancies for the position of Independent Director of the Company as and when they arise; and
- 4.1.13 identify and recommend to the Board, for appointment by the holders of the majority of the shares, candidates to fill vacancies for the position of Chief Executive and/or Non-Executive Director when they arise.
- 4.1.14 develop and review the selection criteria for the Board candidates for the Board's approval, in the light of the review conducted pursuant to Clause 4.1.1, and prepare a description of the role and capabilities required for a particular appointment;
- 4.1.15 give full consideration to succession planning for all Directors (as defined in the Articles) taking into account the challenges and opportunities facing the Company, the need for Directors to be of sufficiently good repute and the need for Directors to have adequate expertise in financial services, risk management and clearing services;
- 4.1.16 periodically review the policy of the Executive Committee for the selection and

appointment of senior management and make recommendations accordingly. In addition, the Committee shall review and discuss succession plans for key executive positions annually.

- 4.1.17 prepare a job specification for all relevant appointments, including the roles, capabilities and time commitment expected. A proposed candidate's other significant commitments should be disclosed to the Board before appointment and any changes to the candidate's commitments should be reported to the board as they arise.
- 4.1.18 evaluate the balance of skills, knowledge, experience and diversity on the board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected. A proposed candidate's other significant commitments should be disclosed to the Board before appointment and any changes to the candidate's commitments should be reported to the Board as they arise. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board;
- 4.1.19 ensure that, on appointment to the Board, directors receive a formal letter of appointment and appropriate supporting documentation setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings;
- 4.1.20 In respect of any and all of its responsibilities with regard to recruitment, (a) evaluate the balance of knowledge, skills, diversity and experience of the Board, (b) decide on a target for the representation of the underrepresented gender on the Board and ensure this is covered by the LME's Recruitment and Diversity Policy, (c) engage a broad set of qualities and competencies, and (d) otherwise operate in accordance with relevant parts of the LME Recruitment and Diversity Policy.
- 4.1.21 prepare a job specification for the appointment of a chair of the Board, including the time commitment expected. A proposed chair's other significant commitments should be disclosed to the board before appointment and any changes to the chair's commitments should be reported to the Board as they arise;
- 4.1.22 annually review the Business Interests Schedule to assess the suitability of the members of the management body and make recommendations to the Board in relation to the suitability of the members of the management body;
- 4.1.23 review and discuss succession plans for key executive positions at least once annually;
- 4.1.24 develop the procedures for the performance evaluation of the Board and Board Committees and review the implementation results of the recommendations from the evaluation;
- 4.1.25 do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
- 4.1.26 conform to any requirement, direction, and regulation that from time to time be prescribed by the Board or contained in the Articles or imposed by legislation.

Other

4.1.27 The Committee shall make recommendations to the Board concerning:

- (i) plans for succession of Board members, taking into account the challenges and opportunities facing the Company, and the skills and expertise that may be needed on the Board in the future;
- (ii) membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chair of those committees
- (iii) changes to any director of the Company having given due regard to their performance and ability to continue to contribute to the Board in the light of the challenges and opportunities facing the Company, the knowledge, balance of skills, diversity and experience required (both immediate and in the future);
- (iv) the re-appointment of non-executive directors at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the board in the light of knowledge, skills and experience required;
- (v) the appointment of any director to executive or other office; and
- (vi) the commencement, nature and duration of any independent review of the Board's performance which may take place from time-to-time.

4.2 The Committee shall keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

4.3 The Committee should conform to any requirement, direction, and regulation that from time to time be prescribed by the Board or contained in the Articles or imposed by regulation.

4.4 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.

4.5 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

4.6 Notwithstanding the above, the Committee shall not have authority to approve any decision that could have a significant impact on the risk profile of the Company. Any such decision shall be referred to the Board for approval.

5 Composition

5.1 The Board shall appoint the members of the Committee in accordance with this section.

5.2 The Committee shall have up to five members (5) (excluding the secretary), A majority of the members of the committee shall be independent Non-Executive Directors. The Board shall appoint the chair of the Committee from one of the independent Non-Executive Directors.

5.3 The chair shall not chair the Committee when it is dealing with the matter of his/her own succession or re-appointment. In the absence of the Committee chair, the remaining members present shall elect one of themselves to chair the meeting.

5.4 Appointments to the Committee are made by the Board on the recommendation of the Committee and shall be co-terminus with board membership provided the director still meets the criteria for membership of the committee. Members of the Committee may be appointed for a period shorter than three years, or for a specific assignment, where appropriate, and subject to the provisions of these terms of reference. If a member of the Committee ceases to

be a director of the Company, their membership of the Committee shall automatically cease.

5.5 The Company Secretary or his/her nominee shall be the Secretary of the Committee.

6 Frequency of Meetings

6.1 The Committee shall meet at least twice per year and more frequently when appropriate.

7 Quorum

7.1 Three members shall constitute a quorum. The quorum shall include an independent Non-Executive Director. If there are only three members and one of the directors is ineligible to vote on a particular matter, the quorum shall be reduced to two.

7.2 In the event that a vote is required, decisions shall be determined by simple majority and, in the event of a tie, the chair of the Committee shall have the casting vote. If there are only three members and one of the directors is ineligible to vote on a particular matter, the quorum shall be reduced to two.

8 Notice of Meetings

8.1 Meetings of the committee shall be called by the secretary of the committee at the request of the committee chair or any of its members.

8.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend no later than [five] working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

8.3 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes

9 Minutes of Meetings

9.1 Minutes will be taken for all meetings and, when the Committee Chair deems appropriate, tabled at Board meetings.

9.2 Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, minutes should be circulated to all other members of the board and the company secretary unless, exceptionally, it would be inappropriate to do so.

10 Reporting Responsibilities

10.1 The Committee chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, recommendations and actions to be taken.

- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11 Authority

- 11.1 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 The Committee is authorised to obtain, at the expense of the Company, outside legal or other professional advice on any matters within its terms of reference.

12 Confidentiality and Conflicts of interest

- 12.1 Committee members must ensure that, unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities.
- 12.2 Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Furthermore, where the Chair feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the Chair is empowered to ask the member to leave the meeting. No reason need be given.
- 12.3 The Chair is empowered to ask any Committee member to resign from the Committee if it feels their continued involvement is no longer appropriate. No reason need be given.

Document Distribution

Name	Title	Role	Date of Review / Approval
Hayley Nunn & Tom Hine	LME Clear Nomination Committee Terms of Reference V1 – January 2022	Review and update	12/01/2022
Hayley Nunn, Emily Doornenbal and Tom Hine	LME Clear Nomination Committee Terms of Reference V2 – July 2022	Review and update	July 2022
Claire McSwiggan	LME Clear Nomination Committee Terms of Reference – January 2024	Annual Review	23 February 2024

Document Change History

Date	Version	Author	Summary of Changes
12/01/2022	V1	Company Secretariat	Update Chairman to Chair. Amendment to quorum where a director is ineligible to vote.
28/06/2022	V2	Company Secretariat	Updated to include paragraph on annual business interests schedule review and the annual review of the Diversity and Recruitment Policy. Also additional sentence to ensure underrepresented gender considerations when recruiting directors.
05/09/2022	V3	Company Secretariat	Annual deep-dive alignment to CGi model terms of reference
31/01/2024	V4	Company Secretariat	Annual review – amendments to align to amendments in Articles and include review of the skills matrix
04/02/2025	V5	Company Secretariat	Annual review – re-ordering of items to ensure flow of the document and minor wording changes.

